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China Gamma Group Limited
中國伽瑪集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 164)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2010

RESULTS

The board of directors (the "Board") of China Gamma Group Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2010 together with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000 (Restated)*
Turnover	3	**3,762**	3,902
Other revenue and gains (losses), net	3	**48,745**	(18,268)
		52,507	(14,366)
Cost of sales		**(1,880)**	(3,259)
Administrative expenses		**(72,408)**	(46,430)
Impairment loss on other receivables, net	4	**(24,924)**	(4,095)
Impairment loss on goodwill		**–**	(7,609)
Loss from operations		**(46,705)**	(75,759)
Finance costs	5	**(1,222)**	(3,053)
Loss before taxation	6	**(47,927)**	(78,812)
Taxation	7	**(3,305)**	–
Loss for the year		**(51,232)**	(78,812)

	Notes	2010 HK$'000	2009 HK$'000 (Restated)
Attributable to:			
Equity holders of the Company		**(51,194)**	(78,812)
Minority interests		**(38)**	–
		(51,232)	(78,812)
Basic loss per share attributable to the equity holders of the Company during the year	8	**(1.84) cents**	(2.95) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	2010	2009
	HK$'000	*HK$'000*
Loss for the year	**(51,232)**	(78,812)
Other comprehensive income:		
Exchange differences arising from translation of financial statements of foreign operations	**199**	602
Total comprehensive loss for the year	**(51,033)**	(78,210)
Attributable to:		
Equity holders of the Company	**(50,995)**	(78,210)
Minority interests	**(38)**	–
Total comprehensive loss for the year	**(51,033)**	(78,210)

CONSOLIDATED BALANCE SHEET
At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current Assets			
Property, plant and equipment		**22,770**	1,898
Investment properties		**50,967**	–
Land use rights		**12,136**	–
Goodwill		**23,592**	–
Available-for-sale financial assets		**–**	2,268
Deposits paid for acquisition of subsidiaries		**–**	83,682
Investment deposits		**–**	30,000
		109,465	117,848
Current Assets			
Inventories		**375**	6,388
Properties under development		**40,110**	–
Trade and other receivables	9	**12,008**	54,942
Financial assets at fair value through profit or loss		**7,679**	6,465
Cash and cash equivalents		**7,218**	9,373
		67,390	77,168
Current Liabilities			
Trade and other payables	10	**34,973**	22,768
Amount due to a minority shareholder of a subsidiary		**18,985**	16,242
Bank borrowings		**7,393**	25,601
		61,351	64,611
Net Current Assets		**6,039**	12,557
Non-current Liabilities			
Deferred taxation		**6,347**	–
Net Assets		**109,157**	130,405

	Notes	**2010**	2009
		HK$'000	*HK$'000*
Equity			
Capital and reserves attributable to the Company's equity holders:			
Share capital	11	**28,677**	5,344
Share premium		**591,839**	593,840
Other reserves		**785,140**	784,079
Accumulated losses		**(1,303,114)**	(1,252,858)
		102,542	130,405
Minority interests		**6,615**	–
Total Equity		**109,157**	130,405

Notes:

1. **BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which also include Hong Kong Accounting Standards ("HKAS") and Interpretations ("Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and investment properties which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The HKICPA has issued certain new and revised HKFRS that are first effective for the current accounting period of the Group as follows:

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendment)	Puttable financial instruments and obligations arising on liquidation
HKFRSs (Amendments)	Improvements to HKFRSs (2008)
HKFRS 1 & HKAS 27 (Amendment)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Share-based payment – vesting conditions and cancellations
Amendments to HKFRS 7, Financial instruments	Disclosures – improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC)-Int 13	Customer loyalty programmes
HK(IFRIC)-Int 15	Agreements for the construction of real estate
HK(IFRIC)-Int 16	Hedges of a net investment in a foreign operation

The adoption of these developments to the extent that they are relevant to the Group. The adoption of the above new or revised HKFRS has no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented except that the following set out information on the significant changes in accounting policies for the current and prior accounting periods reflected in these financial statements. Accordingly, no prior period adjustment has been made.

(a) HKAS 1 (Revised 2007) – "Presentation of Financial Statements"

As a result of the adoption of HKAS 1 (Revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expense in a revised consolidated statement of changes in equity. All other terms of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. In addition, the "Cash flow statement" is renamed as the "Statement of cash flows". Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

(b) HKFRS 7 – "Financial Instruments: Disclosures"

As a result of the adoption of the amendments to HKFRS 7, the financial statements include expanded disclosures about the fair value measurement of the Company's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

(c) HKFRS 8 – "Operating Segments"

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the reportable segments determined in accordance with HKAS 14.

(d) HKAS 27 (Amendments) – "Consolidated and Separate Financial Statements – Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate"

The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 April 2009, all dividends receivable from subsidiaries, associates and jointly controlled entities, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will be not reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

(e) HKFRS 2 (Amendment) – "Share-based Payment"

"Share-based Payment" deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group and the Company have adopted HKFRS 2 (amendment) from 1 April 2009. The amendment does not have a material impact on the Group's or Company's financial statements.

The Group has not early applied any new standard, amendment or interpretation that has been issued but is not yet effective for the current accounting period.

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2010 and which have not been early adopted in these financial statements. The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the following developments may result in new or amended disclosures in the financial statements:

		Effective for accounting periods beginning on or after
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of improvements to HKFRSs issued in 2008	1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009	1 July 2009 or 1 January 2010
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010	1 July 2010 or 1 January 2011
HKAS 24 (Revised)	Related party disclosures	1 January 2011
HKAS 27 (Revised 2008)	Consolidated and separate financial statements	1 July 2010
HKAS 39 (Amendment)	Eligible hedged items	1 July 2009
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters	1 January 2010
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions	1 January 2010
HKFRS 9	Financial instruments	1 January 2013
HK(IFRIC)-Int 18	Transfers of assets from customers	1 July 2009

2. SEGMENTAL INFORMATION

Business segments

For management purpose, the Group is organised into four (2009: three) major operating divisions – gamma ray irradiation services, property development, rental and sales, trading of building materials and provision of renovation services, and securities trading and investment. In 2010, with the acquisition of a subsidiary during the year, a new separate reportable operating segment, gamma ray irradiation services, is presented. These divisions are the bases on which the Group reports its primary segment information.

Segment results, assets and liabilities

An analysis of the Group's turnover, contribution to operating results and segment assets and liabilities by business segments is presented as follows:

2010

	Gamma ray irradiation services	Property development, rental and sales	Trading of building materials and provision of renovation services	Securities trading and investment	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2010						
REVENUE						
Turnover	207	2,937	618	–	–	3,762
Segment results	(192)	(27,365)	(2,430)	35,069	–	5,082
Unallocated other operating income						240
Unallocated corporate expenses						(52,027)
Loss from operations						(46,705)
Finance costs						(1,222)
Loss before taxation						(47,927)
Taxation						(3,305)
Loss before minority interests						(51,232)

	Gamma ray irradiation services *HK$'000*	Property development, rental and sales *HK$'000*	Trading of building materials and provision of renovation services *HK$'000*	Securities trading and investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
BALANCE SHEET AT 31 MARCH 2010						
ASSETS						
Segment assets	**59,749**	**101,661**	**1,052**	**11,744**	**–**	**174,206**
Unallocated corporate assets						**2,649**
Consolidated total assets						**176,855**
LIABILITIES						
Segment liabilities	**52**	**28,340**	**395**	**–**	**–**	**28,787**
Unallocated corporate liabilities						**38,911**
Consolidated total liabilities						**67,698**
OTHER INFORMATION FOR THE YEAR ENDED 31 MARCH 2010						
Addition of goodwill	**23,592**	**–**	**–**	**–**	**–**	**23,592**
Capital additions	**539**	**88**	**–**	**–**	**197**	**824**
Depreciation and amortisation	**224**	**434**	**69**	**–**	**210**	**937**
Impairment loss on other receivables	**–**	**24,733**	**–**	**–**	**191**	**24,924**
Fair value gain on investment properties	**–**	**10,406**	**–**	**–**	**–**	**10,406**
Net unrealised gains on financial assets at fair value through profit or loss	**–**	**–**	**–**	**1,243**	**–**	**1,243**

2009

	Property development, rental and sales	Trading of building materials and provision of renovation services	Securities trading and investment	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2009					
REVENUE					
Turnover (restated)	–	3,902	–	–	3,902
Segment results	(13,834)	(2,157)	(21,790)	–	(37,781)
Unallocated other operating income					244
Unallocated corporate expenses					(38,222)
Loss from operations					(75,759)
Finance costs					(3,053)
Loss for the year					(78,812)
BALANCE SHEET AT 31 MARCH 2009					
ASSETS					
Segment assets	138,986	3,834	51,038	–	193,858
Unallocated corporate assets					1,158
Consolidated total assets					195,016
LIABILITIES					
Segment liabilities	16,536	3,488	–	–	20,024
Unallocated corporate liabilities					44,587
Consolidated total liabilities					64,611

	Property development, rental and sales	Trading of building materials and provision of renovation services	Securities trading and investment	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
OTHER INFORMATION FOR THE YEAR ENDED 31 MARCH 2009					
Capital additions	51	31	–	36	118
Depreciation and amortisation	336	83	–	199	618
Allowance for doubtful debts on trade receivables, net	–	152	–	–	152
Impairment loss on goodwill	7,609	–	–	–	7,609
Impairment loss on other receivables	4,095	–	–	–	4,095
Net unrealised losses on financial assets at fair value through profit or loss	–	–	8,948	–	8,948

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2009: Nil).

Segment results represent the profit (loss) earned or incurred by each segment without allocation of central administration costs including directors' salaries, investment and other income, finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments:

– all assets are allocated to reportable segments other than current and deferred tax assets. Goodwill is allocated to reportable segments. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and

– all liabilities are allocated to reportable segments other than bank loans and current and deferred tax liabilities. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Geographical segments

All of the Group's operations are principally located in Hong Kong and the People's Republic of China (the "PRC"). The Group's administration is carried out in Hong Kong.

An analysis of the Group's turnover by geographical market, irrespective of the origin of the goods and services, is presented below:

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Hong Kong	**618**	3,902
The PRC	**3,144**	–
	3,762	3,902

The following is an analysis of the carrying amount of segment assets, and additions to goodwill and property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		**Additions to goodwill and property, plant and equipment**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**14,822**	56,035	**197**	67
The PRC	**162,033**	138,981	**24,219**	51
	176,855	195,016	**24,416**	118

Information about major customers

The Group's customer base is diversified and no single external customer exceeded 10% of the Group's revenue (2009: Nil).

3. TURNOVER, OTHER REVENUE AND GAINS (LOSSES), NET

Turnover represents the aggregate of the net amounts received and receivable from third parties during the year. An analysis of the Group's turnover, other revenue and gains (losses), net is as follows:

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Turnover		
Gamma ray irradiation services income	**207**	–
Sale proceeds from properties held for sale	**931**	–
Properties management fees	**1,270**	–
Rental income from investment properties	**736**	–
Renovation services	**259**	3,302
Trading of building materials	**359**	600
	3,762	3,902
Other revenue and gains (losses), net		
Interest income on financial assets not at fair value through profit or loss	**53**	72
Dividend income from unlisted investment	**–**	2,831
Dividend income from listed investments	**16**	–
Net realised gains (losses) on financial assets at fair value through profit or loss	**33,819**	(12,823)
Net unrealised gains (losses) on financial assets at fair value through profit or loss	**1,243**	(8,948)
Fair value gain on investment properties	**10,406**	–
Forfeited deposit *(Note)*	**2,837**	–
Reversal of allowance for doubtful debts of trade receivables, net	**6**	–
Sundry income	**365**	600
	48,745	(18,268)
	52,507	(14,366)
Gross proceeds from securities trading	**168,209**	47,286

Note:

On 18 July 2009, 北京德邦富策劃諮詢有限公司 ("Beijing De Bang Fu"), a wholly-owned subsidiary of the Group, entered into the sale and purchase agreement with 北京晨隆佳地置業有限公司 (the "Purchaser"), pursuant to which Beijing De Bang Fu agreed to dispose of 90% of the entire issued share capital of 北京巨鼎源房地產開發有限公司 ("Beijing Ju Din Yuen") and all the shareholder's loan and monies due from Beijing Ju Din Yuen and its subsidiary to Beijing De Bang Fu for a consideration of RMB25,000,000. Given that the Purchaser has not fulfilled its payment obligations under the sale and purchase agreement, Beijing De Bang Fu, having taken advice from its PRC lawyers, decided to terminate the sale and purchase agreement on 17 November 2009 and, through its PRC lawyers, served relevant notice of termination on the Purchaser. Furthermore, pursuant to the sale and purchase agreement, the deposit of RMB2,500,000 (HK$2,837,000) already paid by the Purchaser had been forfeited. Details of the transaction and its subsequent termination are set out in the Company's announcements dated 20 July 2009, 23 July 2009, 31 July 2009, 25 August 2009, 5 September 2009, 30 September 2009, 2 November 2009 and 17 November 2009.

4. IMPAIRMENT LOSS ON OTHER RECEIVABLES, NET

	2010	2009
	HK$'000	*HK$'000*
Bad debts recovered	**(8,042)**	–
Other receivables	**2,609**	–
Prepayment for the first level of land development	**30,357**	4,095
	24,924	4,095

5. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings wholly repayable within five years	**1,222**	3,053
Total interest expense on financial liabilities not at fair value through profit or loss	**1,222**	3,053

6. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging/(crediting):

	2010	2009
	HK$'000	*HK$'000*
Staff costs		
– directors' remuneration	**5,188**	1,635
– basic salaries and other benefits	**7,911**	8,886
– retirement benefits scheme contributions	**106**	149
– share-based payments	**3,444**	–
	16,649	10,670
Auditors' remuneration		
– Current year	**1,000**	900
– (Over-) Under-provision in prior years	**(95)**	109
Allowance for doubtful debts on trade receivables, net	**–**	152
Depreciation and amortisation of property, plant and equipment	**724**	618
Amortisation of land use rights	**37**	–
Loss on disposal of property, plant and equipment	**–**	168
Loss on disposal of investment properties	**9**	–
Operating lease payments	**4,426**	2,884
Cost of sales		
– Cost of inventories sold	**1,370**	3,259
– Depreciation of property, plant and equipment	**176**	–
– Direct cost and operating expenses	**334**	–
Write-down of inventories	**5,542**	–
Rental income net of direct outgoings	**(736)**	–

7. TAXATION IN THE CONSOLIDATED INCOME STATEMENT

	2010	2009
	HK$'000	*HK$'000*
Taxation in the consolidated income statement represents:		
Overseas tax:		
Under-provision in previous years	**1**	–
Deferred tax:		
Origination and reversal of temporary differences	**3,304**	–
Taxation charge	**3,305**	–

No provision for Hong Kong Profits Tax or the PRC income tax has been made in the financial statements as the Company and its subsidiaries have no assessable profits for both years.

The taxation on the Group's loss before taxation differs from the theoretical amount that would arise using the domestic taxation rates applicable to losses of the consolidated companies as follows:

	2010	2009
	HK$'000	*HK$'000*
Loss before taxation	**(47,927)**	(78,812)
Tax at the domestic income tax rate of 16.5% (2009: 16.5%)	**(7,908)**	(13,004)
Tax effect of non-deductible expenses	**18,717**	6,872
Tax effect of non-taxable income	**(4,279)**	(489)
Tax effect of temporary differences not recognised for the year	**(6)**	29
Tax effect of tax losses not recognised for the year	**4,419**	6,014
Tax effect of utilisation of tax losses previously unrecognised	**(5,784)**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(1,855)**	578
Under-provision in previous years	**1**	–
Taxation charge	**3,305**	–

8. BASIC LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to equity holders of the Company of approximately HK$51,194,000 (2009: approximately HK$78,812,000) and on the weighted average number of 2,785,655,730 (2009 restated: 2,671,931,490) ordinary shares in issue during the year.

The number of shares for the purpose of calculating basic loss per share for the year ended 31 March 2009 has been adjusted and restated to reflect the issue of bonus shares on 20 October 2009.

Diluted loss per share is not presented as the potential shares arising from share options granted during the year ended 31 March 2010 and 31 March 2009 would have anti-dilutive effect on the basic loss per share.

9. TRADE AND OTHER RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**3,246**	4,792
Less: allowance for doubtful debts	**2,901**	3,091
Trade receivables, net	**345**	1,701
Other receivables and prepayments *(Note)*	**11,663**	53,241
	12,008	54,942

In the opinion of the directors, all of the above trade and other receivables are expected to be recovered or recognised as expense within one year.

The directors consider that the carrying amounts of trade and other receivables approximate to their fair values.

The Group allows an average credit period of 60 days to 90 days to its trade customers. The ageing analysis of the Group's trade receivables, based on the invoice date and net of allowances, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Up to 30 days	**252**	724
31 to 90 days	**46**	120
91 to 365 days	**47**	634
Over 365 days	**–**	223
	345	1,701

The movements on the allowance for doubtful debts are as follows:

	2010	2009
	HK$'000	*HK$'000*
At beginning of the year	**3,091**	2,940
Impairment loss recognised	**106**	164
Uncollectible amount written off	**(184)**	(1)
Unused amounts reversed	**(112)**	(12)
At end of the year	**2,901**	3,091

At 31 March 2010, trade receivables of HK$2,901,000 (2009: HK$3,091,000) were impaired. The amount of allowance for impairment was HK$2,901,000 as at 31 March 2010 (2009: HK$3,091,000). The individually impaired receivables mainly related to a number of customers that were in financial difficulties and have remained long overdue.

The ageing analysis of the trade receivables that are considered to be impaired is as follows:

	2010	2009
	HK$'000	*HK$'000*
1 year to 2 years past due	**119**	459
Over 2 years past due	**2,782**	2,632
	2,901	3,091

The ageing analysis of the trade receivables that are not considered to be impaired is as follows:

	2010	2009
	HK$'000	*HK$'000*
Not yet past due	**195**	680
Less than 6 months past due	**121**	483
6 months to 1 year past due	**29**	315
1 year to 2 years past due	**–**	223
	345	1,701

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Group does not hold any collateral or other credit enhancements over these balances. All of the other classes within trade and other receivables are neither past due nor impaired with good credit quality.

Included in trade and other receivables is the following amount denominated in a currency other than the functional currency of the Company to which they relate:

	2010	2009
	'000	*'000*
Renminbi	**10,499**	32,625

Note:

As at 31 March 2009, other receivables and prepayments included an amount of approximately HK$27,517,000 mainly paid for the first level of land development on certain areas of Huairou District of Beijing ("the Lands"). Such land development works included the removal of the existing buildings situated on the Lands, the relocation of the existing residents, the provision of infrastructure systems including roads, drainage system, water pipes, gas and electricity supply and the construction of public facilities.

The directors are of the opinion that there has not been any satisfactory progress of relocation of the existing residents since the termination of disposal of such project to an independent purchaser and, after taking the advice from its PRC lawyers, consider that the recoverability of the costs incurred for the first level of land development was remote. Accordingly, impairment loss of the amount brought forward of HK$27,517,000 has been recognised and further costs incurred of HK$2,840,000, totalling HK$30,357,000, were expensed in the income statement (2009: HK$4,095,000).

10. TRADE AND OTHER PAYABLES

	2010	2009
	HK$'000	*HK$'000*
Trade payables	**185**	367
Other payables and accruals	**34,788**	22,401
	34,973	22,768

In the opinion of the directors, all of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

The directors consider that the carrying amount of trade payables approximates to their fair value.

The ageing analysis of the Group's trade payables is as follows:

	2010	2009
	HK$'000	*HK$'000*
Up to 30 days	**7**	65
31 to 90 days	**3**	32
Over 90 days	**175**	270
	185	367

Included in trade and other payables is the following amount denominated in a currency other than the functional currency of the Company to which they relate:

	2010	2009
	'000	*'000*
Renminbi	**25,506**	14,584

11. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.01 each:		
Authorised:		
At 1 April 2008, 31 March 2009 and 31 March 2010	15,000,000,000	150,000
Issued and fully paid:		
At 1 April 2008	513,686,298	5,137
Exercise of share options	20,700,000	207
At 31 March 2009 and 1 April 2009	534,386,298	5,344
Exercise of share options *(Note 1)*	82,750,000	828
Bonus issue of shares *(Note 2)*	2,250,545,192	22,505
At 31 March 2010	2,867,681,490	28,677

Notes:

(1) During the year, options were exercised to subscribe for 82,750,000 ordinary shares in the Company at a consideration of HK$15,988,000 of which HK$828,000 was credited to share capital and the balance of HK$15,160,000 was credited to the share premium account together with a transfer of HK$5,344,000 from the share options reserve to the share premium account.

(2) At the special general meeting of the Company held on 19 October 2009, the shareholders of the Company approved issuance of bonus shares, on the basis of four bonus shares, credited as fully paid, for every one existing issued ordinary share. On 20 October 2009, 2,250,545,192 shares were issued pursuant to the bonus issue.

All the ordinary shares issued during the year ranked pari passu with the then existing ordinary shares in all respects.

12. CAPITAL COMMITMENTS

The Group and the Company had no significant capital commitments at both balance sheet dates.

13. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at both balance sheet dates.

The Group had contingent liabilities in respect of financial support given to certain subsidiaries which have capital deficiency to allow them to continue as a going concern and to meet their liabilities as and when they fall due.

14. COMPARATIVE FIGURES

Comparative information has been restated to achieve a consistent presentation as a result of the adoption of revised HKFRSs and the presentation of sale proceeds and related cost of sales for sales of investments held for trading to reflect the nature of sales of financial assets in a more appropriate manner.

In prior years, sale proceeds of investments held for trading were presented in the consolidated income statement within turnover and the related cost of sales were presented on the face of the consolidated income statement.

In the current year, the Group changed its presentation of turnover and cost of sales, as in the opinion of the directors, it is more appropriate to present the gain/loss on investments held for trading disposed of during the year on a net basis so as to provide more relevant information in respect of the Group's operations and to conform to market practices. The above changes do not have any impact on the results and financial position of the Group in respect of the current and prior periods.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Turnover of the Group amounted to HK$3,762,000 for the year ended 31 March 2010 which mainly generated from property management, sales and rental income, representing a drop of approximately 3.6% from the restated turnover of HK$3,902,000 in the previous year ended 31 March 2009. Other revenue and gains, which were mainly net realised gains and net unrealised gains on financial assets at fair value through profit or loss as well as fair value gain on investment properties, amounted to HK$48,745,000 for the year compared to losses of HK$18,268,000 for the previous financial year.

Loss from operations for the year reduced from HK$75,759,000 for the previous year ended 31 March 2009 to HK$46,705,000 for the year. Net loss attributable to equity holders of the Company for the year decreased to HK$51,194,000 from HK$78,812,000 incurred in the previous financial year. Loss per share was HK1.84 cents compared to HK2.95 cents for the previous financial year.

As at 31 March 2010, total assets and net assets of the Group were HK$176,855,000 and HK$109,157,000 respectively.

The Board does not recommend the payment of dividend for the year ended 31 March 2010.

Business Review

The Group is principally engaged in gamma ray irradiation services, property development, rental and sales, trading of building materials and provision of renovation services, and securities trading and investment.

Gamma Ray Irradiation Services

In the year under review, the Group has been gradually shifting its major business from mainly engaged in property development and investments to gamma ray irradiation services. The Company's name changed from "Premium Land Limited" ("上海策略置地有限公司") to "China Gamma Group Limited" ("中國伽瑪集團有限公司") on 19 October 2009 to fully reflect the business direction and strategy of the Group in the years to come.

The acquisition of the gamma ray facilities at Zibo, Shandong, marked an important development of the Group in entering into the gamma ray irradiation business. In September 2009, the Group entered into an agreement to acquire 80% interests in 淄博利源高科輻照技術有限公司 (Zibo Liyuan Gamma Ray Technologies Co. Limited), which was duly licensed by the Ministry of Environmental Protection of the mainland China and is principally engaged in cold pasteurization of food and sterilization of medical products utilising advanced gamma ray technologies in Shandong Province. The first phase of the facilities, with an initial design capacity of 2,000,000 curie, commenced soft operations in 2009. The acquisition was formally completed in March 2010, after which a new warehouse was constructed for the purpose of enhancing the logistics to accommodate the increasing levels of operations. Since acquisition completion, we have formed a new professional management team to enhance our gamma ray irradiation business across China. We believe that the gamma ray irradiation business will enter into a new phase of growth under our management.

Sharing the same goal of enhancing public health and living standard of the Chinese people, the Group entered into an exclusive cooperation agreement with 中國人民解放軍軍事醫學科學院 (The Academy of Military Medical Sciences), one of the top research institutions in gamma ray irradiation applications in China, on 18 December 2009. The cooperation will seek to, among other things, enhance the versatile applications of gamma ray technologies and make available irradiation services across China for the benefits of the Chinese people and business sectors.

Property Development, Rental and Sales

Turnover generated from the property development, rental and sales were HK$2,937,000 for the year. Segment loss was HK$27,365,000, versus previous financial year's loss of HK$13,834,000. The loss was mainly due to an impairment loss on other receivables of HK$30,357,000 as a result of provision for the prepayment for the first level of land development project in a village in Huairou Town, Huairou District, Beijing, the PRC. The prepayment of approximately HK$27,517,000 was mainly paid for the first level of land development purposes. The directors are of the opinion that there has not been any satisfactory progress of relocation of the existing residents since the termination of disposal of such project to an independent purchaser, whose acquisition deposit of RMB2,500,000 had been forfeited, and, after taking the advice from our lawyers in the mainland China, consider that the recoverability of the costs incurred for the first level of land development was remote. As such, provision of the amount brought forward of HK$27,517,000 has been made and further costs incurred of HK$2,840,000 were expensed.

The Group has an entire interest in a land of approximately 5,800 square meters located in Phase III Phoenix Town located at No. 500 Hongjin Avenue, Longxi Street, Yubei District, Chongqing City, the PRC (位於中國重慶市渝北區紅錦大道500號鳳凰城3期) with a total saleable area of approximately 35,000 square meters mainly for residential purpose. The project, designed to develop residential properties with ancillary commercial shops, recreational facilities and car park lots, is at the preliminary stage of development and is planned to be completed by 2012. In addition, the Group has investment properties including shops and car park lots located in Phase I and Phase II Phoenix Town located at No. 500 Hongjin Avenue, Longxi Street, Yubei District, Chongqing City, the PRC (位於中國重慶市渝北區紅錦大道500號鳳凰城1期和2期). With the tightening measures taken by the Chinese government in April and May 2010 to cool down the mainland property market, the property markets especially in the first tier cities remain rather weak and we remain rather cautious in our property investments and development in the mainland China. While we still keep our plan of developing the residential project in Yubei District, Chongqing, the PRC, we will closely monitor the market conditions in conjunction with our property project management.

Trading of Building Materials and Provision of Renovation Services

The operating environments of building materials trading and renovation services remained difficult in the year under review; turnover of the segment dropped to HK$618,000 from HK$3,902,000 for the previous financial year. The segment loss was HK$2,430,000 compared to the previous financial year's HK$2,157,000. Though the global financial markets continue to improve in the year, the recovery of building materials trading and renovation services was rather slow. Added with the austerity measures taken by the Chinese government to cool down the mainland property market, the operating environment remained tough. We believe the segment will remain as a non-core business of the Group.

Securities Trading and Investment

In the year under review, global stock markets gradually recovered amid restoring of confidence. Performance of the Group's securities trading and investment segment improved significantly. Net realised gains and net unrealised gains on financial assets at fair value through profit or loss amounted to HK$35,062,000 as at 31 March 2010. Segment profit for the year was HK$35,069,000 versus previous financial year's loss of HK$21,790,000. The Group will continue to maintain a prudent strategy in its securities trading and investment.

Segment Results

Turnover generated from property development, rental and sales were HK$2,937,000. Segment loss was HK$27,365,000 compared to previous financial year's HK$13,834,000.

Turnover generated from the trading of building materials and provision of renovation services amounted to HK$618,000 versus previous financial year's HK$3,902,000. Segment loss was HK$2,430,000 compared to previous financial year's HK$2,157,000.

With less than one month results consolidated for the year, gamma ray irradiation services generated turnover of HK$207,000, with a segment loss of HK$192,000.

In prior years, sale proceeds of investments held for trading were presented within turnover and the related cost of sales were presented on the face of the consolidated income statement. With a view to aligning with the market practice and providing more relevant information regarding the Group's operations, the Group changed its presentation of turnover and cost of sales in 2010.

For the year ended 31 March 2010, gross proceeds from securities trading were HK$168,209,000 compared to last year's HK$47,286,000; segment profit for the year was HK$35,069,000 versus last year's loss of HK$21,790,000.

Prospect

Looking forward, the Group's business strategy was clearly set to develop gamma ray irradiation business in mainland China. With the first base established in Shandong Province, we are taking steps to extend the business coverage to various major cities in China with the support from the Academy of Military Medical Sciences to accommodate the growing demand for gamma ray irradiation services triggered by the adoption of the Food Safety Regulations in the PRC in 2009. In addition, the Group is actively exploring merger and acquisition opportunities to strengthen its presence in the market.

In 2010, while the Group will continue to maintain a healthy balance sheet and create value for our shareholders, we will remain focused on rebuilding profitability and growth of our businesses and expect to achieve continued progress in this regard. Meanwhile, the Group will continue to prudently and actively identify and pursue potential projects with immense development potentials.

Capital Investment and Commitments

As at 31 March 2010, the Group had no significant capital commitments (2009: Nil).

Liquidity and Financial Resources

As at 31 March 2010, the Group had cash and cash equivalents of HK$7,218,000 compared to previous financial year's HK$9,373,000.

Bank borrowings substantially reduced from last year's HK$25,601,000 to HK$7,393,000 for the year. The gearing ratio, being the ratio of total borrowings to shareholders' fund as at 31 March 2010, improved from last year's 20% to 7% for the year. The liquidity ratio, being the ratio of current assets over current liabilities, decreased slightly from last year's 119% to 110%.

With the financial resources available, the Group has sufficient working capital to meet its present requirements.

Contingent Liabilities

As at 31 March 2010, the Company had no significant contingent liabilities (2009: Nil).

Share Capital Structure

82,750,000 new shares of HK$0.01 each were issued and allotted during the year upon exercise of share options granted by the Company.

On 21 September 2009, the Board proposed the issue of bonus shares on the basis of four (4) bonus shares for every one (1) then existing share (the "Bonus Issue") held by the qualifying shareholders whose names appear on the register of members of the Company on 19 October 2009 by way of capitalization from the Company's share premium account. Details of the Bonus Issue are set out in the Company's circular dated 25 September 2009. The Bonus Issue has been approved by the shareholders of the Company at the special general meeting held on 19 October 2009. Accordingly, 2,250,545,192 bonus shares were issued and allotted on 20 October 2009 credited as fully paid at par.

As at 31 March 2010, the total number of issued shares of the Company was 2,867,681,490.

Save as the above, there was no change in the share capital structure of the Company during the year ended 31 March 2010.

Material Acquisitions and Disposals of Subsidiaries

On 14 December 2007, Unique Gold Investments Limited ("Unique Gold"), a wholly-owned subsidiary of the Company, entered into a conditional agreement with Zhuang Xu and Tang Mao (together the "Sunrise Vendors"), pursuant to which Unique Gold conditionally agreed to acquire from the Sunrise Vendors the entire equity interest in 重慶旭日房地產開發有限公司 (Chongqing Sunrise Property Development Company Limited), which was owned as to 51% by Zhuang Xu and 49% by Tang Mao (the "Sunrise Acquisition"). The total consideration for the Sunrise Acquisition was RMB45,000,000 which was to be settled in cash. Details of the acquisition are set out in the Company's circular dated 8 January 2008. The transaction was completed on 15 June 2009.

On 14 December 2007, Unique Gold entered into a conditional agreement with Zhang Xue Ping and Zhang Xue Mei (together the "Feng Hong Ji Vendors"), pursuant to which Unique Gold conditionally agreed to acquire from the Feng Hong Ji Vendors the entire equity interest in 重慶鳳弘吉實業有限責任公司 (Chongqing Feng Hong Ji Enterprise Company Limited), which was owned as to 90% by Zhang Xue Ping and 10% by Zhang Xue Mei (the "Feng Hong Ji Acquisition"). The total consideration for the Feng Hong Ji Acquisition was RMB25,000,000 which was to be settled in cash. Details of the acquisition are set out in the Company's circular dated 8 January 2008. The transaction was completed on 15 June 2009.

On 18 July 2009, 北京德邦富策劃咨詢有限公司 (Beijing De Bang Fu Strategic Consultancy Company Limited) ("Beijing De Bang Fu"), a wholly-owned subsidiary of the Company, entered into the sales and purchase agreement with 北京晨隆佳地置業有限公司 (the "Purchaser"), pursuant to which Beijing De Bang Fu agreed to dispose of 90% of the entire issued share capital of 北京巨鼎源房地產開發有限公司 ("Beijing Ju Din Yuen") and all the shareholder's loan and monies due from Beijing Ju Din Yuen and its subsidiary to Beijing De Bang Fu for a consideration of RMB25,000,000. Given that the Purchaser has not fulfilled its payment obligations under the sale and purchase agreement, Beijing De Bang Fu, having taken advice from its PRC lawyers, decided to terminate the sale and purchase agreement on 17 November 2009 and, through its PRC lawyers, served relevant notice of termination on the Purchaser. Furthermore, pursuant to the sale and purchase agreement, the deposit of RMB2,500,000 already paid by the Purchaser had been forfeited. Details of the transaction and its subsequent termination are set out in the Company's announcements dated 20 July 2009, 23 July 2009, 31 July 2009, 25 August 2009, 5 September 2009, 30 September 2009, 2 November 2009 and 17 November 2009.

On 11 September 2009, Top Field Technology Limited ("Top Field"), a wholly-owned subsidiary of the Company, entered into the acquisition agreement with 吳健 (Wu Jiang), pursuant to which Top Field agreed to acquire from 吳健 the 80% equity interests in 淄博利源高科輻照技術有限公司 (Zibo Liyuan Gamma Ray Technologies Co. Limited). The total consideration for the acquisition was RMB44,000,000 which was to be settled in cash. Details of the acquisition are set out in the Company's announcement dated 11 September 2009. The transaction was completed in March 2010.

Apart from the above, the Group had no material acquisition and disposal of subsidiaries during the year ended 31 March 2010 and up to the date of this announcement.

Litigations

(a) In July 2005, Gold United International Industries Limited ("Gold United"), a non-wholly owned subsidiary of the Company, was notified by the Hong Kong Companies Registry that an annual return of Gold United filed in May 2005 ("May Annual Return") contained information, including information relating to members and directors of Gold United, which are significantly different from the original annual return that was presented by the Group on 29 April 2005.

On 13 July 2005, the Company filed a Writ of Summons against four persons (the "Defendants") seeking, amongst others, declarations by the court to the effect that Winsky Management Limited, a wholly owned subsidiary of the Company, is the beneficial owner of 51% of the issued share capital of Gold United. The Defendants were those persons who purportedly filed the false information with the Hong Kong Companies Registry and/or were identified as members and directors in the May Annual Return and other documents. Gold United is an investment holding company holding an 80% direct interest in 杭州恒運交通開發有限公司, which is engaged in the operation of a highway in the PRC.

The Writ of Summons was amended on 1 February 2006, re-amended on 10 October 2006 and re-re-amended on 13 July 2008 respectively.

In June 2009, the Group was notified by the Hong Kong Companies Registry that the various statutory returns and forms confirmed by the Group had already been filed under the public record of Gold United and that the documents submitted by the other parties would be returned.

After due consideration of the matter (including but not limited to the fact that the public record of Gold United at the Hong Kong Companies Registry has been rectified), without prejudice to the position and rights of the Group, the Board has decided not to proceed with the legal proceedings at this stage.

(b) On 24 October 2007, Silver Wind International Limited ("Silver Wind"), a wholly-owned subsidiary of the Company, entered into a conditional agreement (the "Acquisition Agreement") with Stronway Development Limited ("Stronway Development"), pursuant to which Silver Wind agreed to acquire from Stronway Development the entire equity interest in Winmax Asia Investment Limited ("Winmax Asia"). Under the arrangement, Winmax Asia will in turn acquire the entire equity interest in Beijing Jianxing Real Estate Development Co. ("Jianxing") along with Jianxing's standalone villas development project in Beijing known as "新星花園". The aggregate consideration payable for the acquisition was RMB433,000,000 which was to be settled in cash and by transfer of two villas. In December 2007, RMB20,000,000 was paid under the Acquisition Agreement to Stronway Development by Silver Wind as deposit (the "Deposit"). Details of the acquisition are set out in the Company's circular dated 14 December 2007.

In April 2008, on the grounds, amongst other things, that the subject matter under the Acquisition Agreement was frustrated, Silver Wind decided to terminate the Acquisition Agreement and, through its legal representative has served a notice of termination to Stronway Development. In order to protect the position of Silver Wind and to recover, amongst other things, the Deposit from Stronway Development legal proceedings were instigated against Stronway Development on this matter in the High Court of Hong Kong on 15 April 2008.

As at the date of this announcement, the legal proceedings against Stronway Development are still pending and there is no significant development.

Exposure to Exchange Rate Risk and Interest Rate Risk

The Group's transactions are denominated in Hong Kong dollars and Renminbi. The Group did not enter into any foreign exchange forward contracts to hedge against exchange rates fluctuations. Foreign exchange risk arising from the normal course of operations is considered to be minimal and the management will closely monitor the fluctuation in the currency and take appropriate actions when condition arises.

In terms of the interest rate risk exposures, the Group does not have any significant interest rate risk as both the borrowings of the Group and the interest rates currently remain at low levels.

Employees and Remuneration Policy

As at 31 March 2010, the Group employed 90 employees (2009: 32). Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are reviewed periodically based on performance appraisal and other relevant factors. Staff benefits plans maintained by the Group include medical insurance, hospitalization scheme, mandatory provident fund and share option scheme.

Employees in the PRC are remunerated according to the prevailing market conditions in the locations of their employments.

CHANGE OF COMPANY NAME

As announced by the Company on 21 September 2009, the Board proposed that the name of the Company be changed from "Premium Land Limited" to "China Gamma Group Limited" and the adoption of the Chinese name "中國伽瑪集團有限公司" as secondary name of the Company to replace the Chinese name "上海策略置地有限公司" (which was adopted for identification purpose only) (the "Change of Company Name"). The special resolution relating to the Change of Company Name was duly passed by the shareholders of the Company at the special general meeting held on 19 October 2009. Upon the approval by the Registrar of Companies in Bermuda on the Change of Company Name having been obtained, the Change of Company Name has become effective on 19 October 2009. The stock short names for trading in the shares of the Company on The Stock Exchange of Hong Kong Limited have been changed from "PREMIUM LAND" to "CHINA GAMMA" in English and from "上海策略置地" to "中國伽瑪" in Chinese with effect from 18 November 2009.

DIVIDENDS

The Board does not recommend the payment of dividend for the year ended 31 March 2010 (2009: Nil).

CORPORATE GOVERNANCE

The Corporate Governance Report is included in the Group's annual report for the year ended 31 March 2010.

Good corporate governance has always been recognised as vital to the Group's success and to sustain development of the Group. We commit ourselves to a high standard of corporate governance and have devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the Company's needs.

The Company has put in place corporate governance practices to meet the code provisions that are considered to be relevant to the Group and has complied with most of the code provisions save for certain deviations from the code provisions, details of which will be explained in the relevant paragraphs in the Corporate Governance Report. The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

AUDIT COMMITTEE

The audit committee has reviewed with the management and the Company's external auditors the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting process including the review of the financial statements for the year ended 31 March 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made to all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 March 2010.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement of the Group for the year ended 31 March 2010 is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company (http://finance.thestandard.com.hk/en/0164chinagamma) respectively. The 2010 annual report and notice of the annual general meeting of the Company will be despatched to the shareholders and made available on the above websites in due course.

By order of the Board
China Gamma Group Limited
Ho Chi Ho
Executive Director

Hong Kong, 27 July 2010

As at the date of this announcement, the executive director of the Company is Mr. Ho Chi Ho; the non-executive directors of the Company are Mr. Ma Kwok Hung, Warren and Mr. Chow Siu Ngor; and the independent non-executive directors of the Company are Mr. Wong Hoi Kuen, Edmund, Mr. Chan Chi Yuen and Mr. Hung Hing Man.